Beverage Container Stewardship Program Regulation

Annual Report by the Director

2003 - 2004 Reporting Period

Synopsis

The regulation encompasses all containers of ready-to-drink beverages, except for milk, milk substitutes, infant formula and meal replacements. The regulation requires a seller of beverages to collect a deposit from the purchaser, specifies the minimum amount of the deposit and requires sellers and/or depots to accept containers and pay a refund per container not less than the amount of the deposit collected. Containers are managed in accordance with three stewardship plans approved under the regulation. The stewardship plans are required to show how an 85% recovery rate will be achieved within 2 years after the implementation date for the plan.

In 2003-04, the overall recovery rate was 83.8 %, up marginally from 83.7% in 2002-03.

Program Performance

Stewardship Agencies

The three stewardship agencies established by the beverage industry to meet their responsibilities under the regulation are:

Encorp Pacific (Canada) (Encorp) is responsible for non-alcoholic beverage containers, representing **56%** of total containers. Encorp's overall recovery rate increased by 1.4 % compared to last year, with marginal to modest increases in the recovery rate for all categories but one. And in that one, with a volume that is statistically insignificant, the decrease could be the result of shipments recorded in the next time period.

Liquor Distribution Branch (LDB) is responsible for wine, spirit, non-refillable beer, cider and cooler containers, representing **9%** of total containers. LDB's overall recovery rate increased marginally by 0.2% compared to last year, with a slightly higher increase in the wine and spirit glass containers rate overcoming the slightly lower decrease in the rate for non-refillable beer, cider and cooler glass containers.

Brewers Distributors Ltd. (BDL) is responsible for refillable glass bottles and aluminum cans for beer, ciders and coolers, representing **35%** of total containers. BDL's overall recovery rate decreased by 2% compared to 2002, with decreases in all categories, chiefly aluminum cans and non-industry standard refillable bottles. According to BDL, while the overall percentage of beer containers returned dropped, the total number of containers returned increased by over 6.8 million containers. The 2 percent drop is due to sales growth of 3.4% with container return growth of 1.3%. BC had a record year for beer sales growth in 2003/04 caused in part by the significant expansion of retail outlets (over 200). Because of inventory in these new stores and the lag time from when a product is sold until the time a consumer returns the container, which can extend over several months, high sales growth can give the appearance of a drop in returns. Over time as this lag works its way through the system this differential will be eliminated.

Overall Financial Information and Recovery Rate

Funding for the management of containers is generated through unredeemed deposits, revenue from sales of recyclable material and for some containers, brand-owner eco-fees. The following independently audited financial and recovery rate information has been provided by the industry stewards:

Stewardship Agency	Reporting Period	Deposits Charged	Deposits Refunded	Units Sold	Units Recovered	Recovery Rate 2003	Recovery Rate 2002
Encorp Pacific (Canada)	January 1 - December 31, 2003	$60,052,452	$46,861,930	948,397,835	725,997,341	76.5%	75.1%
Liquor Distribution Branch	April 1, 2003 to March 31, 2004	$17,462,833	$15,851,545	158,316,424	144,749,530	91.4%	91.2%
Brewers Distributors Ltd.	April 1, 2003 to March 31, 2004	$69,867,940	$65,319,166	582,232,836	544,330,980	93.5%	95.5%
Overall Recovery Rate				1,688,947,095	1,415,077,851	83.8%	83.7%

For detailed data, see the Detailed Container and Recovery Rate Information chart

Container Management

Encorp Pacific (Canada) http://www.encorp.ca

Information on the processing of containers and the marketing of the recyclable product is contained in the 2003 Annual Report on Encorp's website.

For information: Ph 604-473-2400 (Greater Vancouver); 1-800-330-9767 (Rest of BC).

Liquor Distribution Branch http://www.bcliquorstores.com/en/customerservice/depositrefund

Under an agreement with the Liquor Distribution Branch, Encorp Pacific (Canada) recycles LDB's containers. Information on the processing of containers and the marketing of the recyclable product is contained in Encorp's Annual Report on its website.

For information: Ph 604-252-3029

Brewers Distributors Ltd. http://www.brewers.ca

The vast majority of bottles are refilled an average of 15 times each. The small percentage of these bottles that are unsuitable for refilling are culled and sent to a processing facility for crushing and subsequent use in the manufacture of new bottles and various other uses.

Aluminum cans are crushed into biscuits and shipped to an aluminum recycler for production of new aluminum cans and other fabricated aluminum products.

For information: Ph 604-664-2300

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Associated Agencies

The Beverage Container Management Board (BCMB)

The BCMB meets at least on a quarterly basis or more often as needed, and provides advice to the Minister on the deposit-refund system in particular and beverage container program issues in general. The ten member board comprises representatives nominated by the three industry stewards, the BC Bottle Depot Association, Union of BC Municipalities, labour, retail grocers, Recycling Council of BC, an environmental non-government organization and the Ministry of Water, Land and Air Protection. The Board is chaired by John Nixon, representing Encorp Pacific (Canada).

Recycling Council of BC (RCBC) http://www.rcbc.bc.ca

RCBC provides information to callers to its Recycling Hotline on a number of stewardship issues, under contract to various stewards.

For information: Ph 604-732-9253 (Greater Vancouver), 1-800-667-4321 (Rest of BC)

Detailed Container and Recovery Rate Information

Container (type and size)	Deposit (¢)	Container Recycling Fee (¢)	Sales (units) + increase - decrease	Deposits Received ($)	Refunds Paid ($)	Returns (units)	Recovery Rate 2003	Recovery Rate 2002
Encorp Pacific (Canada)		*						
Aluminum	5	0	440,616,087	22,030,804	18,546,972	370,939,449	84.2%	84.1%
Plastic ≤ 1L	5	1	228,356,967	11,417,848	8,612,390	172,247,801	75.4%	73.6%
Drink Box ≤ 500ml	5	0	99,769,241	4,988,462	2,625,925	52,518,503	52.6%	47.7%
Plastic > 1L	20	4	71,028,142	14,205,628	12,574,003	62,870,017	88.5%	87.9%
Glass ≤1L	5	3	57,749,480	2,887,474	1,826,178	36,523,550	63.2%	62.2%
Drink Box 501ml to 1L	5	3	31,489,750	1,574,488	1,030,128	20,602,559	65.4%	63.0%
Gable top > 1L	20	0	10,770,350	2,154,070	1,247,070	6,235,352	57.9%	57.1%
Bimetal ≤1L	5	0	-15.7%	**	**	-5.1%	51.1%	45.4%
Bimetal >1L	20	0	-4.9%	**	**	-2.5%	46.7%	45.6%
Gable top ≤ 500 ml	5	0	35.8%	**	**	-5.7%	33.0%	47.6%
Gable top 501 ml to 1L	5	1	-27.2%	**	**	-14.2%	37.4%	31.7%
Glass >1L	20	5	-39.1%	**	**	-8.3%	78.3%	52.0%
Bag-in-box	20	0	-27.7%	**	**	-23.4%	69.9%	66.0%
Encorp Totals			948,397,835	60,052,452	46,861,930	725,997,342	76.5%	75.1%

* fees in effect until end of 2003 and are subject to change, refer to Encorp website for current rates

** according to Encorp, figures for container sales less than 10 m may provide information considered to be commercially confidential, therefore only percentage increase or decrease compared to 2002 is shown for sales and returns

Liquor Distribution Branch								
Total Glass - wine and spirits			62,775,591	7,387,942	6,548,065	55,462,309	88.4%	87.2%
≤ 1L	10		51,671,766	5,167,177	4,544,397	45,443,969	87.9%	86.7%
> 1L	20		11,103,825	2,220,765	2,003,668	10,018,340	90.2%	89.4%
Total Glass - non-refillable beer, cider, cooler			84,918,342	8,573,156	8,205,833	81,349,291	95.8%	96.5%
≤ 1L	10		84,105,123	8,410,512	8,064,025	80,640,253	95.9%	96.6%
> 1L	20		813,219	162,644	141,808	709,038	87.2%	92.3%
Total Plastic			9,155,744	1,208,386	972,354	7,311,464	79.9%	78.4%
≤ 1L	10		6,227,623	622,762	489,938	4,899,383	78.7%	74.0%
> 1L	20		2,928,121	585,624	482,416	2,412,081	82.4%	88.2%
Bag-in-box >1L	20		1,466,747	293,349	125,293	626,466	42.7%	42.2%
LDB Totals			158,316,424	17,462,833	15,851,545	144,749,530	91.4%	91.2%
Brewers Distributors Ltd.								
Aluminum cans	10		383,524,824	46,022,978	43,283,227	360,693,564	94.0%	95.9%
Industry standard bottles	10		157,063,272	18,847,592	17,673,769	147,281,412	93.8%	95.7%
Non-industry standard bottles (refillable)	10		41,644,740	4,997,369	4,362,169	36,356,004	87.3%	90.9%
BDL Totals			582,232,836	69,867,939	65,319,165	544,330,980	93.5%	95.5%
Beverage Program Totals			1,688,947,095	147,383,224	128,032,640	1,415,077,852	83.8%	83.7%

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August 31, 2004

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